

MINUTES

**North Dakota Public Employees Retirement System
Wednesday, January 22, 2003
Blue Cross Blue Shield
107 West Main
Bismarck, North Dakota**

Members Present:

Video Conference

Chairman Jon Strinden
Mr. David Gunkel
Ms. Rosey Sand
Mr. Howard Sage
Mr. Weldee Baetsch

Absent

Dr. Terry Dwelle
Ms. Sandi Tabor

Others Present:

Mr. Sparb Collins, Executive Director NDPERS
Mr. Scott Miller, Attorney General's Office
Ms. Denise Curfman, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Jamie Kinsella, NDPERS
Mr. Larry Brooks, BCBS
Ms. Rhonda Peterson, BCBS
Mr. Tom Tupa, INDSEA
Mr. Howard Snortland, AFPE
Ms. Chris Runge, NDPEA AFT 4660
Mr. Jon Monsen, Brady Martz
Mr. Patrick Brown, Brady Martz

Chairman Strinden called the meeting to order at 8:30 AM.

Minutes

Chairman Strinden called for any questions or comments regarding the December 19, 2002 NDPERS Board minutes.

Mr. Gunkel moved approval of the December 19, 2002 NDPERS Board minutes. Mr. Baetsch seconds.

Audit Report (Board Action Requested)

Mr. Jon Monsen and Mr. Patrick Brown, representatives of Brady Martz, reviewed with the Board the audit report for the year ending, June 30, 2002. This report was included in the Board materials.

Mr. Sage moved approval of the audit report for the year ending, June 30, 2002. Ms. Sand seconds.

Ayes: Baetsch, Gunkel, Sand, Sage and Chairman Strinden.

Nays: None

Absent: Dwelle and Tabor

PASSED

BlueCross BlueShield Annual Report (Informational)

Ms. Rhonda Peterson, BCBS representative, reviewed with the Board the Summary of the customer service Survey Results. Mr. Larry Brooks, BCBS representative, provided the Board with a review of the NDPERS Health Care Utilization Study for the period of July 1, 2001 to June 30, 2002. Mr. Don Schott, representative of BCBS, provided the Board with a review of the EPO Performance and Provider Issues. These presentations were included in the Board materials.

EPO Providers and PERS Plan Design (Board Action Requested)

Mr. Collins indicated that at the last meeting the Board reviewed the Executive Recommendation and what it could mean to our plan design. Mr. Collins indicated at this point, the Governor has recommended \$493 per contract per month, and the cost to purchase the present plan design is \$512. The alternate plan design costs about \$503. This design would extend the deductible across all services except office calls, emergency room, preventive screening, newborns, prenatal and postnatal maternity care, maternity delivery (if Prenatal Plus), and Rx. DXL Services would no longer have the copay, but would be processed as deductible and coinsurance. Rx non-formulary drugs would have a \$25 copay and then a 50/50 coinsurance. Otherwise, the design would be what the state have today.

Mr. Collins indicated at this point staff needs to start the renewal negotiations with the EPO providers in order to insure that this product will be available next biennium. Staff is suggesting starting those discussions based upon the alternate plan, since we know at this point there is a possibility we could purchase it. This means, that BCBS will develop a proposed capitation and target rate based upon the new design, and send it to the providers.

Mr. Gunkel moves approval of Staff recommendation to proceed with the alternative plan. Ms. Sand seconds.

Ayes: Baetsch, Gunkel, Sand, Sage and Chairman Strinden.

Nays: None

Absent: Dwelle and Tabor

PASSED

Heart of America HMO (HOAHMO) (Board Action Requested)

Ms. Allen reviewed with the Board the Heart of America request to offer Heart of America HMO membership to qualified North Dakota Public Employees living in the Rugby service area. The term of the renewal is from July, 1, 2003 through June 30, 2004. The new rates were included in the board materials. Ms. Allen indicated that the high option premium increased ranged from 5.7% to 6.9%, the low option premiums increased by 4.5%, and the share option premiums increased by 12%. A copy of the Provider Agreement was included in the board materials.

Mr. Sage moves approval to accept the Heart of America request to offer its HMO to PERS membership in the Rugby service area. Mr. Baetsch seconds.

Ayes: Baetsch, Gunkel, Sand, Sage and Chairman Strinden.

Nays: None

Absent: Dwelle and Tabor

PASSED

Employee Assistance Program Proposals (Board Action Requested)

Mr. Collins indicated that the methodology that PERS has adopted for providing EAP services is called an agency based approach. Pursuant to this method, each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. To implement this approach, the PERS Board establishes through the RFP process a list of qualified vendors. EAP vendors that are able to successfully meet the requirements in the RFP and provide the service at or below the specified price are placed on a list of qualified vendors. Each agency is offered the list and is allowed to select one vendor from that list to provide services for that agency.

Currently the three vendors providing services to state agencies in North Dakota are:

1. MedCenter One Health Systems
2. St. Alexius / Heartview
3. Village Family Services

Mr. Collins indicated that in the past the Board has approved the RFP proposal, and PERS has sent it out to all existing vendors and placed advertisements in newspapers around the state soliciting additional vendors. We also sent the RFP to vendors who had filed a request with PERS.

Mr. Collins indicated that staff is suggesting the same approach with one exception. Instead of having our existing vendors file an updated proposal, we allow them to file a renewal. This renewal will indicate the price (which must be \$1.35 per member per month or less) and an indication that all services offered in the original proposal still apply and if not they would specify any deviations. If they continue to be able to meet the minimum requirements then we would continue to allow them to offer their services. Concerning the search for additional vendors, staff is suggesting that the same procedure be used as last biennium. This process would start in February and close at the end of February or early March.

Mr. Gunkel moves approval of staff recommendation to offer current providers a renewal and bid out with other providers via newspaper. Ms. Sand seconds.

Ayes: Baetsch, Gunkel, and Chairman Strinden.

Nays: Sage and Sand

Absent: Dwelle and Tabor

PASSED

Surplus/Affordability Update (Informational)

Mr. Reinhardt provided an over view of the report for the board. This report was included in the board materials.

Annual Enrollment Season – 2002 (Informational)

Ms. Allen indicated the PERS conducted a combined annual enrollment to include the group dental, vision, life insurance and the FlexComp plan. In the past these open enrollments have

been conducted separately. Ms. Allen indicated that in order for staff to assess reaction to this new procedure, a survey was sent to all effected authorized agents. Sixty-six surveys were returned out of 123 sent. Ms. Allen indicated that the over all responses were positive.

FlexComp Annual Enrollment – (Informational)

Ms. Allen indicated that the total salary dollars redirected for the 2003 plan year increased over 2002 as follows: Dependent Care 9.1% and Medical Spending 10.3%. The average dollar amount pre-taxed per person for 2003 increased over 2002 as follows: Dependent Care 2% and Medical Spending 2.6%. The number of participants for the dependent care program increased by 7%. The number of participants for the medical spending program increased by 7.6%.

Defined Contribution Plan – 2002 Enrollment (Informational)

Ms. Allen indicated that one of the projects outlined in PERS goals and objectives as set forth in our Business Strategy Plan was to track the number of contacts staff made with new eligible employees and the number that actually transferred to the defined contribution plan and do an annual report for the board. The following is the number of contacts and transfers to the plan for 2001 and 2002:

	Total Contacts	Total Transfers
2001	98	20
2002	48	6

Board Voting (Informational)

Mr. Collins indicated that at the last meeting a question was asked concerning board voting. Mr. Scott Miller had provided the board with a memo, which was included in the board materials.

AFPE Resolution (Informational)

A copy of the AFPE Resolution was included in the board materials.

Health Care Discussions (Informational)

A copy of the most resent Health Care Discussions was included in the board materials.

Chairman Strinden called for any other business.

Mr. Collins provided the board with a brief legislative update.

Ms. Allen handed out an article on NDPERS Board nominations for the boards review. This article will appear in the next newsletter.

Chairman Strinden called for any other business, hearing none the meeting adjourned at 11:03 AM.

Respectfully Submitted

Denise A. Curfman

*Denise A. Curfman
Secretary, NDPERS Board*